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TRC Synergy's SIAC arbitration settlement estimated to be RM75mil

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Under the judgement, TRC is awarded 13 million Brunei dollars plus simple interest of 5.33 per cent per annum from October 23, 2017, 3.3 million Brunei dollars plus simple interest of 5.33 per annum from May 23, 2018, S\$2.2 million for legal and other costs and S\$75,000 for arbitration costs.

KUALA LUMPUR: TRC Synergy Bhd's final award from the Singapore International Arbitration Centre (SIAC) is estimated at RM75 million, Hong Leong Investment Bank Bhd (HLIB Research) said.

TRC obtained the final award from SIAC against Brunei Economic Development Board concerning the Brunei International Airport modernisation project.

Under the judgement, TRC is awarded 13 million Brunei dollars plus simple interest of 5.33 per cent per annum from October 23, 2017, 3.3 million Brunei dollars plus simple interest of 5.33 per annum from May 23, 2018, S\$2.2 million for legal and other costs and S\$75,000 for arbitration costs.

The bank-backed research firm said it was a good outcome from the arbitration, indicating possibilities of a special dividend payout from the development, considering TRC's solid balance sheet and dwindling orderbook.

It expects a reasonable 10-30 per cent payout ratio, which translates to 4.6-13.7 per cent yields.

"The company will now focus on successfully enforcing the above award.

"According to management, TRC does not owe subcontractors or suppliers for the Brunei project.

"Our estimated RM75 million could therefore be close to the net amount to be received and retained by the company,"

"TRC has not declared its intention to distribute the proceeds as special dividends pending payment, but based on current working capital needs and non-convertible preference shares of 29 sen, there could be one in the future.

HLIB Research has maintained its 'Hold' call on TRC with an unchanged target price of 36 sen.